

MEMORANDUM FOR: Deputy Director of Personnel for Employee
Benefits and Services

FROM:

Acting Chief, Retirement Division

SUBJECT: Proposed H.R. 4892, A Bill to Amend the Social Security
Act

1. This bill would eliminate all references in the Social Security Act that refer to benefit reductions based on excess earnings. In effect, there would no longer be an earnings test for Social Security benefit recipients.

2. Each subsection of this bill refers to a separate section of the Social Security Act that would be affected by a "no earnings test" for Social Security benefit recipients.

3. There is no mention in this bill of any similar provision to FERS. Since the FERS supplemental earnings test was clearly a device to reduce the benefit costs from the CSRS fund, such a provision for FERS may run into opposition in Congress.

~~DISSEMINATION~~
0 - Addressee

1 - ROB Chrono

1 - ROB Reader

STAT

OP/RD/ROB/OPS

(20 Jul 88)

ROUTING AND TRANSMITTAL SLIP

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REMARKS

Formal Suspense Item

Please review and comment. Return to
C/RD no later than COB 19 July 88.

Thanks

Vicki

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comment

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REMARKS

FYI ONLY

I do not intend to
"track" or take any action
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I

100TH CONGRESS
2D SESSION

H. R. 4892

To amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder.

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 1988

Mrs. LLOYD introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Social Security Earnings
5 Test Elimination Act of 1988".

1 **SEC. 2. REPEAL OF PROVISIONS RELATING TO DEDUCTIONS**
2 **ON ACCOUNT OF WORK.**

3 (a) **IN GENERAL.**—Subsections (b), (c)(1), (d), (f), (h), (j),
4 and (k) of section 203 of the Social Security Act (42 U.S.C.
5 403) are repealed.

6 (b) **CONFORMING AMENDMENTS.**—Section 203 of such
7 Act (as amended by subsection (a)) is further amended—

8 (1) in subsection (c), by redesignating such subsec-
9 tion as subsection (b), and—

10 (A) by striking “NONCOVERED WORK OUT-
11 SIDE THE UNITED STATES OR” in the heading;

12 (B) by redesignating paragraphs (2), (3), and
13 (4) as paragraphs (1), (2), and (3), respectively;

14 (C) by striking “For purposes of paragraphs
15 (2), (3), and (4)” and inserting in lieu thereof “For
16 purposes of paragraphs (1), (2), and (3)”; and

17 (D) by striking the last sentence;

18 (2) in subsection (e), by redesignating such subsec-
19 tion as subsection (c), and by striking “subsections (c)
20 and (d)” and inserting “subsection (b)”;

21 (3) in subsection (g), by redesignating such subsec-
22 tion as subsection (d), and by striking “subsection (c)”
23 each place it appears and inserting “subsection (b)”;

24 (4) in subsection (i), by redesignating such subsec-
25 tion as subsection (e), and by striking “subsection (b),

1 (c), (g), or (h)" and inserting "subsections (b) or (d)";
 2 and
 3 (5) in subsection (l), by redesignating such subsec-
 4 tion as subsection (f), and by striking "subsection (g) or
 5 (h)(1)(A)" and inserting "subsection (d)".

-6 **SEC. 3. ADDITIONAL CONFORMING AMENDMENTS.**

7 (a) **PROVISIONS RELATING TO APPLICATIONS FOR**
 8 **RETROACTIVE BENEFITS.**—Section 202(j)(4)(B) of the
 9 Social Security Act (42 U.S.C. 402(j)(4)(B)) is amended by
 10 striking clause (iv), and by redesignating clause (v) as clause
 11 (iv).

12 (b) **PROVISIONS RELATING TO BENEFITS TERMINAT-**
 13 **ED UPON DEPORTATION.**—Section 202(n)(1) of such Act
 14 (42 U.S.C. 402(n)(1)) is amended by striking "Section 203(b),
 15 (c), and (d)" and inserting "Section 203(b)".

-16 (c) **PROVISIONS RELATING TO EXEMPTIONS FROM**
 17 **REDUCTIONS BASED ON EARLY RETIREMENT.**—

18 (1) Section 202(q)(5)(B) of such Act (42 U.S.C.
 19 402(q)(5)(B)) is amended by striking "section 203(c)(2)"
 20 and inserting "section 203(b)(1)".

21 (2) Section 202(q)(7)(A) of such Act (42 U.S.C.
 22 402(q)(7)(A)) is amended by striking "deductions under
 23 section 203(b), 203(c)(1), 203(d)(1), or 222(b)" and in-
 24 serting "deductions on account of work under section
 25 203 or deductions under section 222(b)".

1 (d) PROVISIONS RELATING TO EXEMPTIONS FROM
2 REDUCTIONS BASED ON DISREGARD OF CERTAIN ENTI-
3 TLEMENTS TO CHILD'S INSURANCE BENEFITS.—

4 (1) Section 202(s)(1) of such Act (42 U.S.C.
5 402(s)(1)) is amended by striking "paragraphs (2), (3),
6 and (4) of section 203(c)" and inserting "paragraphs
7 (1), (2), and (3) of section 203(b)".

8 (2) Section 202(s)(3) of such Act (42 U.S.C.
9 402(s)(3)) is amended by striking "The last sentence of
10 subsection (c) of section 203, subsection (f)(1)(C) of sec-
11 tion 203, and subsections" and inserting "Subsec-
12 tions".

13 (e) PROVISIONS RELATING TO SUSPENSION OF
14 ALIENS' BENEFITS.—Section 202(t)(7) of such Act (42
15 U.S.C. 402(t)(7)) is amended by striking "Subsections (b), (c),
16 and (d)" and inserting "Subsection (b)".

17 (f) PROVISIONS RELATING TO BENEFITS INCREASED
18 ON ACCOUNT OF DELAYED RETIREMENT.—Section
19 202(w)(2)(B)(ii) of such Act (42 U.S.C. 402(w)(2)(B)(ii)) is
20 amended by striking "or 203(c)".

21 (g) PROVISIONS RELATING TO REDUCTIONS IN BENE-
22 FITS BASED ON MAXIMUM BENEFITS.—Section
23 203(a)(3)(B)(iii) of such Act (42 U.S.C. 403(a)(3)(B)(iii)) is
24 amended by striking "and subsections (b), (c), and (d)" and
25 inserting "and subsection (b)".

- 1 (h) PROVISIONS RELATING TO PENALTIES FOR MIS-
2 REPRESENTATIONS CONCERNING EARNINGS FOR PERIODS
3 SUBJECT TO DEDUCTIONS ON ACCOUNT OF WORK.—Sec-
4 tion 208(a)(3) of such Act (42 U.S.C. 408(a)(3)) is amended
5 by striking “under section 203(f) of this title for purposes of
6 deductions from benefits” and inserting “under section 203
7 for purposes of deductions from benefits on account of work”.

- 8 (i) PROVISIONS TAKING INTO ACCOUNT EARNINGS IN
9 DETERMINING BENEFIT COMPUTATION YEARS.—Clause
10 (I) in the next to last sentence of section 215(b)(2)(A) of such
11 Act (42 U.S.C. 415(b)(2)(A)) is amended by striking “no
12 earnings as described in section 203(f)(5) in such year” and
13 inserting “no wages, and no net earnings from self-employ-
14 ment (in excess of net loss from self-employment), in such
15 year”.

16 (j) PROVISIONS RELATING TO ROUNDING OF BENE-
17 FITS.—Section 215(g) of such Act (42 U.S.C. 415(g)) is
18 amended by striking “and any deduction under section
19 203(b)”.

20 (k) PROVISIONS RELATING TO EARNINGS TAKEN INTO
21 ACCOUNT IN DETERMINING SUBSTANTIAL GAINFUL AC-
22 TIVITY OF BLIND INDIVIDUALS.—The second sentence of
23 section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amend-
24 ed by striking “the exempt amount under section 203(f)(8)
25 which is applicable to individuals described in subparagraph

1 (D) thereof" and inserting the following: "an amount equal to
2 the exempt amount which would have been applicable under
3 section 203(f)(8), to individuals described in subparagraph (D)
4 thereof, if subsections (b) through (l) of section 203 as in
5 effect in January 1988 had remained in effect through the
6 month in which such earnings were derived".

7 (l) PROVISIONS DEFINING INCOME FOR PURPOSES OF
8 SSI.—Section 1612(a) of such Act (42 U.S.C. 1382a(a)) is
9 amended—

10 (1) by striking "as determined under section
11 203(f)(5)(C)" in paragraph (1)(A) and inserting "as de-
12 fined in the last two sentences of this subsection"; and

13 (2) by adding at the end (after and below para-
14 graph (2)(F)) the following new sentences:

15 "For purposes of paragraph (1)(A), the term 'wages' means
16 wages as defined in section 209, but computed without
17 regard to the limitations as to amounts of remuneration speci-
18 fied in subsections (a), (g)(2), (g)(3), (h)(2), and (j) of such
19 section. In making the computation under the preceding sen-
20 tence, (A) services which do not constitute employment as
21 defined in section 210, performed within the United States by
22 an individual as an employee or performed outside the United
23 States in the active military or naval services of the United
24 States, shall be deemed to be employment as so defined if the
25 remuneration for such services is not includible in computing

1 the individual's net earnings or net loss from self-employment
2 for purposes of title II, and (B) the term 'wages' shall be
3 deemed not to include (i) the amount of any payment made
4 to, or on behalf of, an employee or any of his or her depend-
5 ents (including any amount paid by an employer for insurance
6 or annuities, or into a fund, to provide for any such payment)
7 on account of retirement, or (ii) any payment or series of
8 payments by an employer to an employee or any of his or her
9 dependents upon or after the termination of the employee's
10 employment relationship because of retirement after attaining
11 an age specified in a plan referred to in section 209(m)(2) or
12 in a pension plan of the employer."

13 (m) REPEAL OF DEDUCTIONS ON ACCOUNT OF WORK
14 UNDER THE RAILROAD RETIREMENT PROGRAM.—Section
15 2 of the Railroad Retirement Act of 1974 (45 U.S.C. 231a)
16 is amended by striking subsections (f) and (g)(2).

17 SEC. 4. EFFECTIVE DATE.

18 The amendments and repeals made by this Act shall be
19 effective with respect to taxable years ending on and after
20 the date of the enactment of this Act.

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